BRITISH COLUMBIA | BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 12-07 February 17, 2012

- **Consumer prices rise 1.7% in January**
- **Manufacturing sale fall 1.9 in December; up 6.4% in 2011**
- **Sales of new motor vehicles slip 2.9% in December; climb 2.5% in 2011**

Prices

- **Compared to the same month a year earlier, consumer prices in British Columbia rose 1.7% in January.** Higher prices for energy (+4.8%) and food (+3.7%) were the main contributors to overall inflation. Excluding these two commodity groups, consumer prices would have risen 0.9% year-over-year.

  The cost of food continued to climb in January as prices for both groceries (+4.7%) and restaurant meals (+1.9%) rose.

  Shelter costs edged only slightly higher (+0.4%) as increased prices for rented accommodation (+0.9%) and utilities (+4.8%) were mitigated by a reduction in the costs associated with home ownership (-0.4%). Prices for household operations & furnishings (+2.9%) were also higher, as was the cost of clothing & footwear (+3.0%).

  Total transportation costs rose 2.8%, chiefly due to higher gasoline (+4.3%) and inter-city transportation (+8.4%). Health care costs remained flat in January, while prices for personal care services jumped 2.5%.

  While tuition fees rose (+2.3%), overall recreation, education, and reading materials were comparatively less expensive (-1.1%) in January. Alcohol & tobacco (+1.2%) prices, however, were up relative to the same month in the previous year. *Data Source: Statistics Canada*

- **Nationally, consumer prices rose 2.5% in January, led by increases in New Brunswick (+3.2%), Alberta (+2.9%), and Quebec (+2.8%).** British Columbia recorded the smallest increase in consumer prices at the provincial level. *Data Source: Statistics Canada*

The Economy

- **Manufacturers in British Columbia saw sales slip for a fourth consecutive month, dipping 1.9% (*seasonally adjusted*) in December.** While shipments by producers of machinery (+3.8%), transportation equipment (+2.9%), and food (+0.5%) were all higher, sales by makers of primary metals (-9.2%), wood (-7.3%), and paper (-2.6%) products were notably weaker. Also contributing to the overall decline were slowdowns by furniture (-8.6%) and beverage & tobacco (-6.2%) producers.

  Nationally, manufacturing sales rose slightly (+0.6%), almost entirely due to increases in Quebec (+2.3%) and Ontario (+2.1%).

  Data Source: Statistics Canada

- **The number of new motor vehicles sold in British Columbia fell for a second straight month, slumping 2.9% (*seasonally adjusted*) in December.** Weakness in total sales of overseas-built vehicles (-6.4%) was the reason for the overall decline. Sales of motor vehicles made in North America, on the other hand, inched higher (+0.4%).

  Nationally, sales of new motor vehicles dropped 3.0% in December, with Alberta (-6.6%), Ontario (-6.1%), and B.C. (-2.9%) all registering significant declines.

  Data Source: Statistics Canada & BC Stats

Report

Year in Review: BC Export Growth Concentrated in Pacific Rim

Did you know...

Most (86%) British Columbians believe that telling the stories of our historical figures is important, but less than half (49%) agree that we do a good job of promoting our history.

Data Source: Ipsos Reid

2011 in Review

- **Despite a weaker fourth quarter, manufacturing sales in British Columbia climbed 6.4% between 2010 and 2011.** Shipments by manufacturers of transportation equipment (+22.1%), primary metals (+20.8%) and machinery (+19.8%) all grew at double-digit rates, while producers of food (+4.9%), wood (+4.4%), and paper (+3.5%) also made significant contributions. Sales by markers of computer & electronics fell for a fifth straight year, slipping 4.1% in 2011.

  Canada-wide, manufacturing sales jumped 7.8% in 2011, led by increases in the petroleum & coal (+17.1%), transportation equipment (+6.6%), and food products (+3.8%) industries. All provinces recorded higher sales in 2011, with Alberta (+17.9%), Saskatchewan (+15.0%), New Brunswick (+14.8%) and Nova Scotia (+10.2%) registering the biggest increases.

  Data Source: Statistics Canada

- **The number of new motor vehicles sold in British Columbia rose 2.5% in 2011.** A significant increase in the volume of new trucks sold (+8.3%) was the main reason for the overall rise in sales. Despite a sharp increase in sales of North American-built passenger cars (+9.6%), a substantial decline in overseas-build cars (-18.3%) drove total car sales lower (-5.1%).

  At the national level, sales of cars and trucks increased 2.3%, led by large increases in Alberta (+9.6%), Saskatchewan (+7.3%), and Manitoba (+7.0%). *Data Source: Statistics Canada*

Truck Transportation

- **In 2010, British Columbia's trucking industry consisted of 7,559 carriers (companies), a decline of 7.9% from the previous year.** Given the substantial contraction in the number of carriers, there was a corresponding decrease in both total revenues generated (-5.1%) and total expenses incurred (-5.0%). When examined on a *per carrier* basis, however, revenues (+3.0%) and expenses (+3.2%) rose. Contributing the most to the increase in expenses were higher per carrier costs for fuel (+11.9%), and wages and salaries (+9.7%).[1] Overall, the profit margin for the trucking industry (7.2%) remained largely unchanged between 2009 and 2010.

  At the national level, the number of carriers rose slightly (+0.6%). On a per carrier basis, revenues (+4.3%) expanded at a slightly faster pace than expenses (+4.0%), pushing the profit margin to 7.2% in 2010.

  Data Source: Statistics Canada

Motion Picture Theatres

- **In 2010, the province's motion picture theatre industry registered an operating profit margin of 12.7%, a slight reduction (-0.4 percentage points) compared to the previous year.** While expenses, on average, edged lower (-0.2%), the revenues generated dipped at a somewhat faster rate (-0.7%). Wages and salaries earned by workers in the industry fell 1.2%.

  Nationally, an increase in operating expenses (+3.5%) outpaced growth in revenues (+2.8%), chipping away at the industry's profit margin (-0.6 percentage points), which dipped to 11.3% in 2010.

  Data Source: SC Cat. no. 87F0009X

The Nation

- **Canada's composite index of leading indicators rose 0.7% in January, marking a seventh consecutive monthly increase.** Sales of durable goods and the price of equities both slipped in January. However, this was offset by gains in the housing and manufacturing sectors. *Data Source: Statistics Canada*

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[1] Note that expenditures on wages and salaries cover only those employed directly by carriers and, thus, do not include the cost of payments made to owner-operators.

Infoline Report

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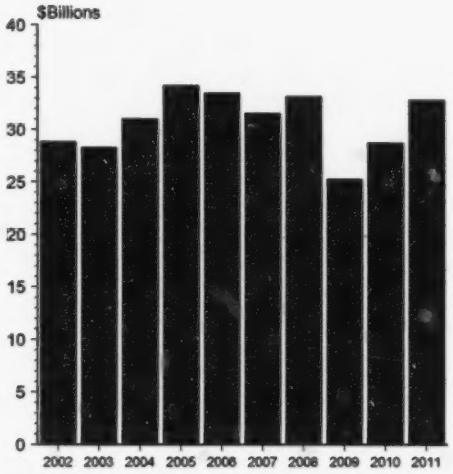
Year in Review: BC Export Growth Concentrated in Pacific Rim

The value of BC's commodity exports climbed 14.2% in 2011, the second straight year of double-digit growth following on the heels of a 23.8% slump in 2009. The value of exports was almost back to the levels seen prior to the global economic downturn.

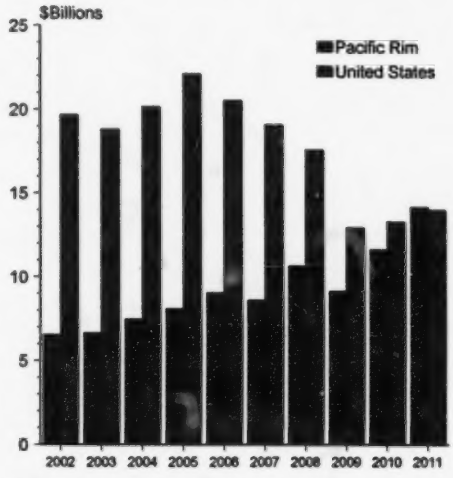
BC's exports have almost fully recovered from the global economic downturn



Source: Statistics Canada

While shipments to BC's largest trading part-ner, the United States, have experienced some growth, including a fairly strong expansion of 5.4% in 2011, it has been the countries of the Pacific Rim that have been responsible for the lion's share of BC's export growth. In fact, the share of BC's exports shipped to the United States has fallen from 53% in 2008 to under 43% in 2011, while the Pacific Rim has seen its share of BC's exports climb from just over 32% in 2008 to just over 43% in 2011.

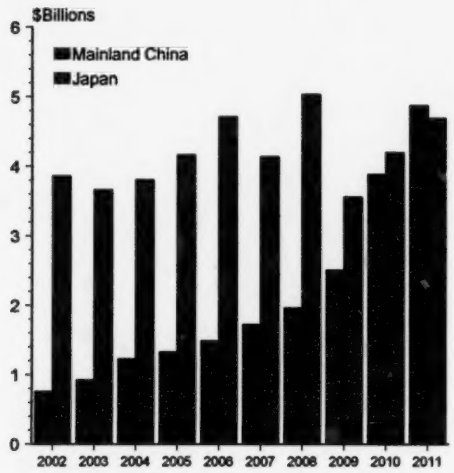
BC exports to the Pacific Rim have grown to the point where they are now of a similar magnitude as BC's shipments to the United States



Source: Statistics Canada

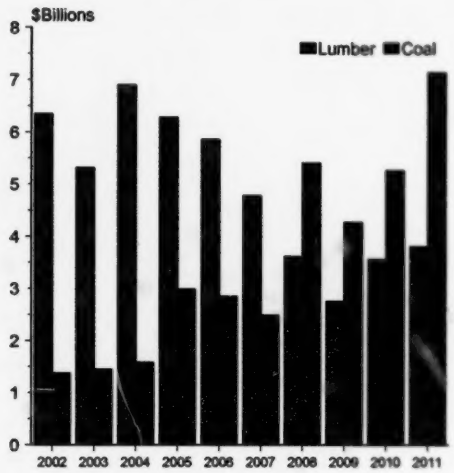
Almost all the main markets for BC's exports in the Pacific Rim experienced strong growth in shipments in 2011. Taiwan saw the largest percentage increase, with growth of 46.5%, followed by South Korea at 45.0%. In dollar terms, the largest jump in BC exports was to Mainland China, as shipments grew by almost $1 billion, an increase of 25.4%. In fact, the boost in shipments to Mainland China was enough to push that country ahead of Japan to rank second as a destination for BC exports. This despite the fact that exports to Japan also saw strong growth in 2011, climbing 11.7%.

Mainland China has overtaken Japan as BC's second largest export market



Source: Statistics Canada

BC's exports of coal have exceeded those of lumber for the last four years



Source: Statistics Canada

The change in destination of BC's exports has also affected the types of goods being shipped. Prior to 2008, softwood lumber was by far BC's top exported good. However, the economic downturn and the collapse of the housing market in the United States resulted in a steep decline in lumber shipments. At the same time, exports of coal experienced dramatic growth, such that coal surpassed lumber as BC's top export. Most of the growth in demand for BC's coal came from Japan, South Korea and China.

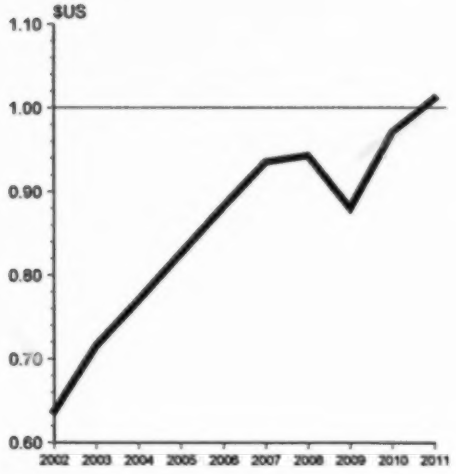
Shipments of coal continued to grow in 2011, rising 35.7% in value compared to the previous year. By comparison, softwood lumber shipments climbed 6.9%, which is a fairly robust growth rate, but still pales in comparison to the growth in coal exports.

In addition to coal, there was strong growth in exports of other energy products as well, with overall energy shipments rising 24.9%. Natural gas bucked the trend as lower prices resulted in a 4.7% decline in the value of exports, but electricity (+43.9%) and other energy products (+20.4%) experienced strong growth in exports.

The strong Canadian dollar has made it diffi-cult for exporters, particularly manufacturers, as a strong exchange rate translates to higher prices for foreign customers. However, despite the fact that the Canadian dollar averaged over par for 2011, the first time this has happened since 1976, British Columbia exporters on the whole managed to improve their performance in 2011, including those that export manufactured goods. For example, exports of machinery and equipment climbed 6.5% in 2011 and fabricated metal product shipments

expanded 17.6%. Exports of chemicals and chemical products rose 27.3%.

In 2011, the Canadian dollar averaged over par with its American counterpart for the first time since 1976



Source: UBC Sauder School of Business

British Columbia's mining sector continued to see some positive developments as well. In ad-dition to the jump in coal exports, shipments of metallic mineral products also experienced robust growth, climbing 11.6%. A 20.6% jump in exports of copper ores and concentrates was the main driver of the overall increase.

In the forest sector, there was strong growth in exports of solid wood products (+11.1%), and shipments of pulp and paper goods grew 6.0%.

Exports of agricultural products and food other than fish grew 8.0%, but fish product shipments dropped 4.9%.

For the most part, British Columbia's export picture improved in 2011, with shipments in-creasing to most of BC's major trade partners and most commodity types managing to record export growth. The Pacific Rim continues to be a growing market for BC's products and this is likely to continue to be the case for some time to come. If the United States housing market rebounds, there could be a significant boost in exports to that country as well; however, it may be several years before that occurs. Nevertheless, the diversification into other markets such as those in the Pacific Rim is a positive devel-opment for BC exporters.

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BC at a glance . . .

POPULATION (thousands)	Oct 1/2011	% change on one year ago
BC	4,592.0	0.9
Canada	34,605.3	1.0
GDP and INCOME (Released Nov 8)		
(BC - at market prices)	2010	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	203,147	5.9
GDP *($ 2002 millions)*	167,140	3.0
GDP *($ 2002 per Capita) (reflects revised pop)*	36,899	1.4
Personal Disposable Income *($ 2002 per Capita)*	26,166	2.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec 2011	3,104	-1.9
Merchandise Exports - Dec 2011	2,771	-3.6
Retail Sales - Nov 2011	5,103	0.3
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Jan 2012)	one year ago	% change
BC	1.7	2.3
Vancouver	1.8	2.2
Victoria	1.5	2.1
Canada	2.5	2.9
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Jan 2012	prev. month
Jobs Created (-Lost) - BC	-2.2	
Labour Force - BC	2,462.1	-0.1
Employed - BC	2,291.7	-0.1
Unemployed - BC	170.4	-0.7
		Dec 2011
Unemployment Rate - BC *(percent)*	6.9	7.0
Unemployment Rate - Canada *(percent)*	7.6	7.5
INTEREST RATES (percent)	Feb 15/2012	Feb 16/2011
Prime Business Rate	3.00	3.00
Conventional Mortgages - 1 year	3.20	3.50
- 5 year	5.24	5.44
US-CANADA EXCHANGE RATE	Feb 15/2012	Feb 16/2011
(avg. noon spot rate) Cdn $ per US $	0.9965	0.9897
(closing rate) US $ per Cdn $	0.9991	1.0153
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Jan 2012	one year ago
BC	851.91	2.8
Canada	855.15	2.4

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Sub-Provincial Population Estimates, 2011

2011 estimates of population for municipalities, regional districts and development regions are now available.

http://www.bcstats.gov.bc.ca/data/pop/pop/estspop.asp

Regional Labour Force Participation Rate Projections

Forecasts of labour force participation rates are a key component of projections of future levels of employment. This report gives detailed projections of labour force participation by Development Region, by age and sex out to 2036.

http://www.bcstats.gov.bc.ca/data/pop/pop/RegionalLFPR2011.pdf

Open Data

Statistics Canada is implementing a new dissemination model. On February 1, 2012, the CANSIM database will be free to access and standard Census products will be free. In addition, Statistics Canada will no longer charge fees for the right to redistribute its information. Organizations will be encouraged to redistribute information under terms and conditions similar to the Government of Canada Open Data Licence Agreement for Unrestricted Use of Canada's Data. The objective of the new dissemination model is to provide users with maximum benefit from statistical information about Canada's economy and society.

Released this week by BC Stats

- Employment Insurance
- Consumer Price Index

Next week

- New Website – February 20th

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